



FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities: Submission for OMB Review; Comment Request

AGENCY: Board of Governors of the Federal Reserve System (Board)

ACTION: Notice and request for comment.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act of 1995 (PRA), the Board, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (collectively, the agencies) may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. On December 27, 2017, the Board, under the auspices of the Federal Financial Institutions Examination Council (FFIEC), requested public comment for 60 days on a proposal to extend, with revision, the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002) and the Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC 002S), which are currently approved collections of information. The Board published this proposal on behalf of the agencies.

The proposed revisions to these reports align with corresponding changes made to the Consolidated Reports of Condition and Income (FFIEC 031, FFIEC 041, and FFIEC 051). The Consolidated Reports of Condition and Income are commonly referred to as the Call Report. The proposed revisions to the FFIEC 002 and the FFIEC 002S delete or consolidate certain items, establish certain reporting thresholds, account for changes in the accounting for equity investments, and make instructional clarifications consistent

with those previously made to or currently proposed for the Call Report instructions. The proposed revisions would result in an overall reduction in burden.

The comment period for this proposal ended on February 26, 2018. The Board received two comments addressing the proposed changes. After considering the comments received on the proposal, the agencies will proceed with the proposed reporting revisions to the FFIEC 002 and FFIEC 002S, while incorporating one clarification in response to a comment. These reporting revisions would take effect as of the June 30, 2018, report date. The Board is giving notice that it is sending the collection to OMB for review.

DATES: Comments must be submitted on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested parties are invited to submit written comments to the agency listed below. All comments, which should refer to the OMB control number, will be shared among the agencies.

You may submit comments, which should refer to “FFIEC 002 and FFIEC 002S,” by any of the following methods:

- Agency website: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at:
<http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- Email: regs.comments@federalreserve.gov. Include the reporting form numbers in the subject line of the message.

- Fax: (202) 452-3819 or (202) 452-3102.
- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board's website at www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room 3515, 1801 K Street, NW. (between 18th and 19th Streets, NW.), Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the OMB desk officer for the agencies by mail to the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW., Washington, DC 20503; by fax to (202) 395-6974; or by email to oir_submission@omb.eop.gov.

FOR FURTHER INFORMATION CONTACT: For further information about the proposed revisions to the FFIEC 002 and FFIEC 002S discussed in this notice, please contact the agency staff member whose name appears below. In addition, copies of the FFIEC 002 and FFIEC 002S forms can be obtained at the FFIEC's website (https://www.ffiec.gov/ffiec_report_forms.htm).

Nuha Elmaghrabi, Federal Reserve Board Clearance Officer, (202) 452-3884, Office of the Chief Data Officer, Board of Governors of the Federal Reserve System,

20th and C Streets, NW., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Board is proposing to extend for three years, with revision, the FFIEC 002 and FFIEC 002S.

Report Titles: Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks; Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank

Form Numbers: FFIEC 002; FFIEC 002S

OMB control number: 7100-0032

Frequency of Response: Quarterly

Affected Public: Business or other for-profit

Respondents: All state-chartered or federally-licensed U.S. branches and agencies of foreign banking organizations, and all non-U.S. branches managed or controlled by a U.S. branch or agency of a foreign banking organization

Estimated Number of Respondents: FFIEC 002 – 209; FFIEC 002S – 38

Estimated Average Burden per Response: FFIEC 002 – 23.87 hours; FFIEC 002S – 6.0 hours

Estimated Total Annual Burden: FFEIC 002 – 19,955 hours; FFIEC 002S – 912 hours

Type of Review: Revision and extension of currently approved collections.

General Description of Reports

These information collections are mandatory (12 U.S.C. 3105(c)(2), 1817(a)(1) and (3), and 3102(b)). Except for select sensitive items, the FFIEC 002 is not given confidential treatment; the FFIEC 002S is given confidential treatment (5 U.S.C. 552(b)(4) and (8)).

Abstract

On a quarterly basis, all U.S. branches and agencies of foreign banks are required to file the FFIEC 002, which is a detailed report of condition with a variety of supporting schedules. This information is used to fulfill the supervisory and regulatory requirements of the International Banking Act of 1978. The data are also used to augment the bank credit, loan, and deposit information that the Board uses to make decisions concerning monetary policy, and for other public policy purposes. The FFIEC 002S is a supplement to the FFIEC 002 that collects information on assets and liabilities of any non-U.S. branch that is managed or controlled by a U.S. branch or agency of the foreign bank. A non-U.S. branch is managed or controlled by a U.S. branch or agency if a majority of the responsibility for business decisions, including but not limited to decisions with regard to lending or asset management or funding or liability management, or the responsibility for recordkeeping in respect of assets or liabilities for that foreign branch resides at the U.S. branch or agency. A separate FFIEC 002S must be completed for each managed or controlled non-U.S. branch. The FFIEC 002S must be filed quarterly along with the U.S. branch or agency's FFIEC 002. The data from both reports are used for (1) monitoring

deposit and credit transactions of U.S. residents; (2) monitoring the impact of policy changes; (3) analyzing structural issues concerning foreign bank activity in U.S. markets; (4) understanding flows of banking funds and indebtedness of developing countries in connection with data collected by the International Monetary Fund and the Bank for International Settlements that are used in economic analysis; and (5) assisting in the supervision of U.S. offices of foreign banks. The Federal Reserve System collects and processes these reports on behalf of all three agencies.

Current Actions

I. Introduction

On December 27, 2017, the Board requested comment for 60 days on a proposal to revise the existing FFIEC 002 and FFIEC 002S report forms and instructions (82 FR 61294). The proposed revisions partially stem from a formal initiative launched by the FFIEC in December 2014 to identify potential opportunities to reduce burden associated with Call Report requirements for community banks. The FFIEC's formal initiative included surveys of agency Call Report data users, which have served as the foundation for the proposed burden-reducing revisions. As part of these surveys, users were asked to fully explain the need for each Call Report data item they deemed essential, how the data item is used, the frequency with which it is needed, and the population of institutions from which it is needed. Based on the results of the surveys, the agencies identified Call Report data items that are no longer needed, are needed on a less frequent basis, or are needed only above certain reporting thresholds, and have proposed or finalized the elimination, less frequent collection, or creation of new or upwardly revised reporting

thresholds for these data items in the Call Report.¹ In an effort to maintain consistency between the FFIEC 002, the FFIEC 002S, and the Call Report, the burden-reducing changes identified for the Call Report were incorporated into the December 27, 2017, proposal where applicable. In addition, the proposed revisions ensure that the reporting of data on equity investments in several FFIEC 002 schedules is consistent with changes in the accounting standards applicable to such investments. All of the proposed revisions have been implemented or proposed to be implemented in the Call Report.

The comment period for this proposal ended on February 26, 2018. The Board received two comments on the proposal, one specific comment from an individual on a proposed revision and one general comment from a government entity. The government entity did not raise concerns about the proposal itself, but stated that it uses certain data items in the FFIEC 002 and FFIEC 002S in preparing economic statistics on international transactions, and encouraged the agencies to continue collecting those items. After considering the comments received on the proposal, the agencies will proceed with the proposed reporting revisions to the FFIEC 002 and FFIEC 002S, while incorporating one clarification in response to the specific comment described below. These reporting revisions would take effect as of the June 30, 2018, report date.

II. Specific Comment on the Proposed FFIEC 002 and FFIEC 002S Revisions

Respondents to the FFIEC 002 report are currently required to indicate, in Schedule RAL, Assets and Liabilities, Memorandum item 17, for the March 31 report

¹ See 80 FR 56539 (September 18, 2015), 81 FR 45357 (July 13, 2016), 81 FR 54190 (August 15, 2016), 82 FR 2444 (January 9, 2017), 82 FR 29147 (June 27, 2017), 82 FR 51908 (November 8, 2017), and 83 FR 939 (January 8, 2018) for information on other actions taken under this initiative.

date, the most comprehensive level of auditing work performed for the branch or agency by, or on behalf of, its parent organization during the preceding calendar year. In response to certain auditing standards issued by the Public Company Accounting Oversight Board (PCAOB) and the American Institute of Certified Public Accountants' Auditing Standards Board (ASB), the Board proposed to revise two of the existing statements describing the most comprehensive level of auditing work performed for the branch or agency during the preceding year. The Board also proposed to revise the information collected in Memorandum item 17 to refer only to work performed by independent external auditors and to remove the reference to work performed on behalf of the parent organization.

The Board received one comment from an individual requesting clarification as to which branches and agencies are required to have an integrated audit conducted by independent external auditors as mentioned in the text for proposed statement 1a in the response to Memorandum item 17. Specifically, the commenter wanted to confirm that only public companies and companies with a market capitalization greater than \$75 million are required to have an integrated audit.

Under section 363.3(b) of the FDIC's regulations (12 CFR 363.3(b)), the independent public accountant who audits the financial statements of an FDIC-insured branch of a foreign bank with \$1 billion or more in total claims on nonrelated parties is required to audit and report on the effectiveness of the branch's internal control over financial reporting (ICFR). Standards issued by the PCAOB and the ASB provide guidance regarding the integration of audits of ICFR with audits of financial statements. Thus, statement 1a and its reference to an integrated audit are applicable to certain FDIC-

insured branches, which means that the requirement for an integrated audit is not limited to the circumstances described by the commenter. However, the Board will clarify statement 1a of Memorandum item 17 by adding “(e.g., as required for FDIC-insured branches subject to Part 363 of the FDIC’s regulations that have \$1 billion or more in total claims on nonrelated parties)” at the end of the proposed text of this statement.

III. Request for Comment

Public comment is requested on all aspects of this notice. Comment is specifically invited on:

- a. Whether the information collections are necessary for the proper performance of the agencies’ functions, including whether the information has practical utility;
- b. The accuracy of the agencies’ estimate of the burden of the information collections, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of the information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information.

Comments submitted in response to this notice will be shared among the agencies. All comments will become a matter of public record.

[THIS SIGNATURE PAGE PERTAINS TO THE NOTICE AND REQUEST FOR COMMENT, “PROPOSED AGENCY INFORMATION COLLECTION ACTIVITIES: SUBMISSION FOR OMB REVIEW; COMMENT REQUEST,” FOR THE REPORT OF ASSETS AND LIABILITIES OF U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS, AND THE REPORT OF ASSETS AND LIABILITIES OF A NON-U.S. BRANCH THAT IS MANAGED OR CONTROLLED BY A U.S. BRANCH OR AGENCY OF A FOREIGN (NON-U.S.) BANK]

Board of Governors of the Federal Reserve System, April 23, 2018.

Ann Misback,

Secretary of the Board.

Billing Code

Board: 6210-01-P

[FR Doc. 2018-08839 Filed: 4/26/2018 8:45 am; Publication Date: 4/27/2018]